

6. I also describe Verizon's customer-specific pricing flexibility offerings which are tailored towards the requirements of specific customers. Within the past two years, Verizon's customer-specific pricing flexibility offerings have played a far greater role in the competitive landscape as customers increasingly demand discounts that are tailored to their individual business requirements. Typically, these offerings are the result of extensive negotiations between Verizon and sophisticated purchasers of special access services.

7. Finally, I describe the Service Level Agreements (SLAs) Verizon has developed for its regulated special access services. As I explain below, Verizon's SLAs are open to all of Verizon's special access customers and were developed to respond to customer demands for provider commitments with respect to the on-time provisioning of special access services and network performance. In the event Verizon does not meet the applicable commitments, customers receive credits, which include the non-recurring installation related charges, a fraction of the monthly recurring charges for DS1s and DS3s, and a flat fee credit.

8. My name is Anthony Recine. My business address is 2 International, Rye Brook, New York 10573. I am a Vice President in Verizon's Product Marketing Group and have worked at Verizon for 24 years. In this capacity, I am responsible for the marketing of Verizon's networking and communications solutions, including special access services, for a broad range of business customers spanning from small and medium businesses to large enterprises and local, state and federal government entities. I have more than twenty years experience with Verizon or its predecessors in the areas of marketing, engineering and strategic planning. My portion of this declaration is limited to the information in paragraphs 35-37 and 39-42 which describe Verizon's customer-specific pricing flexibility offerings.

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A. Verizon's Generally Available Discount Plans Meet Customer Requirements for Substantial Discounts and Facilitate Self-Provisioning and Purchasing Services From Alternative Providers

9. Verizon currently offers about nine generally available tariffed discount plans for special access services. These plans include a variety of features that respond to the demands special access customers have made over the years and contain different terms and conditions, giving special access customers a range of choices. Customers participating in Verizon's generally available discount plans can receive discounts of up to 67% off of Verizon's month-to-month rates for special access products. The substantial discounts provided under Verizon's generally available discount plans are a major driving force behind the significant declines in the real prices customers paid Verizon for special access services between 2002 and 2008.¹

Verizon's generally available discount plans do not restrict customers from purchasing special access services from other providers or from self-provisioning these services. As explained below, some of Verizon's discount plans even have features that facilitate self-provisioning and purchasing special access services from other providers.

10. Verizon's generally available discount plans are very popular with Verizon's special access customers. In fact, many of Verizon's customers participate in one or more of Verizon's generally available discount plans. Customers participating in Verizon's generally available discount plans include retail customers of all sizes, wireless providers and carrier customers, including some of the proponents of additional regulation for special access services, such as **[Begin Confidential]** **[End Confidential]**.

¹ See Comments of Verizon and Verizon Wireless, Special Access Rates for Price Cap Local Exchange Carriers, Docket No. 05-25, at 8 (Jan. 19, 2010) ("between 2002 and 2008 the real prices customers paid [Verizon] for its DS1s and DS3s have declined by 24 percent overall.")

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11. Verizon's generally available discount plans provide customers with discounts across broad geographic areas, regardless of the number of competitors serving a particular building, wire center, or metropolitan statistical area (MSA). For example, Verizon's National Discount Plan (NDP) provides customers substantial discounts on special access services that the customer purchases throughout Verizon's footprint. Likewise, Verizon's Commitment Discount Plan (CDP) provides customers substantial discounts across broad areas in Verizon's East region, and Verizon's Eight and Ten Year Term and Volume Plan (ETTV) provides customers substantial discounts across broad areas in Verizon's West region. Although Verizon's generally available discount plans cover broad geographic areas, customers are not required to take service from Verizon throughout the entire area covered under a particular plan in order to receive significant discounts. As explained in paragraph 22, because Verizon's non-circuit specific plans cover such broad geographic areas, they allow customers to move individual circuits in and out of service without incurring termination liabilities provided that they meet the minimum in-service period for those circuits and continue to maintain the applicable minimum service commitment throughout the region covered under the plan. This type of "circuit portability" facilitates the process of customers moving circuits to their own networks or to another provider's network.

12. Verizon offers discounts across such broad geographic areas to respond to customer demands as well as the extensive competition in the provision of special access services. Many special access customers have multiple locations that can be widely separated. These types of customers typically demand discounts everywhere that they purchase special access services. In addition, Verizon faces competitive pressure wherever there is significant demand for special access services. Verizon's approach of providing discounts across broad

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geographic areas allows customers to benefit from the widespread competition in the provision of special access services even in areas where competition may not yet be as extensive as it is in other areas.

i. Verizon's Customers Can Choose From A Variety of Generally Available Discount Plans With a Range of Features, Terms and Conditions

13. In order to meet the needs of different types of special access purchasers, Verizon offers two types of generally available discount plans with a variety of features, terms and conditions: (i) circuit-specific plans, including Verizon's Term Pricing Plan and Service Discount Plan and (ii) non-circuit specific plans such as the CDP, the Term and Volume Payment Plan, and the NDP. Verizon's special access customers can receive substantial discounts under either type of plan. As explained below, the two types of generally available discount plans contain different features, terms and conditions, with some plans providing discounts based on term and others providing discounts based on a combination of term and volume. Verizon's special access customers can and do choose to participate in the discount plan with the features, terms and conditions that best meets their requirements.

(a) Circuit-specific Discount Plans

14. Verizon's circuit-specific discount plans were developed to respond to customer demands for substantial discounts off of special access circuits and services. These plans provide customers substantial discounts of up to almost 53% off of Verizon's month-to-month rates. Customers are not required to purchase large volumes of special access services from Verizon in order to obtain substantial discounts under Verizon's circuit-specific discount plans. In fact, under Verizon's circuit-specific discount plans, customers that purchase a single special access circuit from Verizon can receive significant discounts. Because this type of plan provides

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discounts on a circuit-specific basis, customers must separately enroll each circuit for which they want to receive a discount in the plan, and make a separate term commitment for each circuit. As a result, customers participating in circuit-specific discount plans must track the status of the individual circuits enrolled in the plan.

15. Under Verizon's circuit-specific plans, customers who purchase an entire circuit from Verizon would receive substantial discounts off of Verizon's rates for most (and in some cases all) elements of that circuit. However, customers are not required to purchase an entire circuit from Verizon to receive discounts under Verizon's circuit-specific discount plans. In fact, customers can participate in Verizon's circuit-specific plans if they purchase the channel termination on a circuit from Verizon, but purchase transport for that circuit from another provider. In that case, the customer would enroll the channel termination they purchase from Verizon in a circuit-specific discount plan and receive discounts off of Verizon's channel termination rates.

16. In exchange for the discounts provided under Verizon's circuit-specific plans, customers are asked to commit to keep the specific circuit or rate element enrolled in the plan in service for a set term of years ranging from one to ten years. The level of discount the customer receives depends on the term of years the customer selects, with increasing discounts for longer terms. Customers separately enroll each individual circuit for a specific term, giving customers the option to commit to a mix of short and long terms, depending on the customer's intended use and life expectancy of each circuit they purchase from Verizon. Customers that are unwilling to commit to long terms, or who plan to move specific circuits to an alternative provider or to their own networks in a few years can sign up for shorter terms and still receive significant discounts.

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17. Verizon's circuit-specific discounts do not ask customers to commit to purchase a specific volume of special access circuits or services from Verizon. The lack of a volume commitment makes Verizon's circuit-specific discount plans popular with customers that do not want to commit to purchase a specific volume of special access products from Verizon. However, the level of discounts provided under Verizon's circuit-specific discount plans are either the same or comparable to the level of discounts provided under many of Verizon's generally available discount plans that have volume commitments.

(b) Non-circuit Specific Discount Plans

18. In addition to circuit-specific discount plans, Verizon offers non-circuit specific plans, such as the CDP and the NDP. Like circuit-specific discount plans, Verizon's non-circuit specific discount plans were developed to respond to customer demands for substantial discounts on special access services. In addition, Verizon's non-circuit specific plans include features that respond to customer demands for the ability to make changes to individual circuits enrolled in a discount plan without incurring termination liability, the ability to receive discounts on the bulk of customers' special access services under a single plan (as opposed to enrolling separately each circuit in a plan), and the ability to pay for transport under a flat rate mileage pricing structure.

19. Under Verizon's non-circuit specific plans, customers receive discounts of up to 67% off of Verizon's month-to-month rates.² The discounts provided under Verizon's non-circuit specific plans are based on either term of years, with increasing discounts for longer terms, or a combination of term of years and volume, with increasing discounts for longer terms and larger volumes. As with Verizon's circuit-specific discount plans, customers can select the term of years that best meets their needs, ranging from 2 to 10 years.

² The maximum discount of 67% is available under Verizon's ETTVP in Verizon's West region.

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20. Verizon's non-circuit specific discount plans also respond to customer demands for plans that provide discounts on a customer's entire qualified special access purchases rather than requiring the customer to separately enroll individual circuits in a discount plan. Some customers participating in Verizon's circuit-specific discount plans found it administratively burdensome to track the status of individual circuits and wanted to reduce the number of discount plans they needed to manage. Verizon's NDP addresses this customer concern by providing customers with substantial discounts on all of their qualifying special access purchases throughout Verizon's footprint, making it possible for customers to participate in a single discount plan. In addition, Verizon offers generally available discount plans that provide discounts on a customer's entire qualified special access purchases across Verizon's East and West regions respectively, and plans that allow the customer to choose the specific state or states where the customer would like to receive discounts on its qualified special access purchases.

21. In recent years, Verizon has also included features in its non-circuit specific discount plans to respond to customer demands for flat rate mileage billing structures for special access transport services. For example in 2007, Verizon introduced the NDP, which allows customers to pay a single flat rate for DS3 transport within certain distance bands. This feature benefits customers because it is simpler for customers to manage. Without this feature, customers would pay different prices for each individual DS3 transport route depending on the mileage of that route.

22. Verizon has also included features in its non-circuit specific discount plans to respond to customer demands for plans that allow customers to make changes to the individual circuits utilized to meet the minimum volume commitments required under these types of plans without incurring any termination liabilities. Under Verizon's non-circuit specific plans, the

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discounts customers receive are not linked to the status of a specific circuit. Accordingly, customers participating in non-circuit specific discount plans are able to move individual circuits or services to another providers' network or to their own networks during the selected plan term. A customer can make these changes to individual circuits without incurring termination liability, provided that the customer satisfies the minimum service period (which is typically one year) on the services enrolled in the discount plan and continues to satisfy the applicable minimum volume commitment for those services (which, for most of Verizon's non-circuit specific plans is less than 100% of the special access services the customer purchases from Verizon). For example, after satisfying the one year minimum service period, a customer participating in Verizon's NDP could migrate all of the circuits it purchases from Verizon in a particular region or state to a competitive provider or to its own network, and still continue to meet the applicable minimum volume commitment by adding circuits with Verizon in other regions or states. Verizon's CDP and ETTVP provide the same feature in Verizon's East and West regions respectively. This feature makes Verizon's non-circuit specific discount plans attractive to customers that intend to make changes to numerous special access services or circuits they purchase from Verizon, including customers that are planning to build out their own networks and customers that are looking to upgrade some of their TDM-based special access purchases to newer technologies. Many customers take advantage of this feature and move circuits from Verizon's network to their own networks or to competitive providers' networks.

23. Under Verizon's non-circuit specific discount plans, customers are asked to commit to maintain in-service a minimum quantity of the special access services they purchase from Verizon. The minimum volume commitment allows Verizon to offer substantial discounts in the absence of term commitments for specific circuits. Typically, the minimum volume

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commitment is a specific percentage of the special access services the customer purchases from Verizon. For most of Verizon's non-circuit specific plans, for the duration of the plan, the minimum volume commitment is less than 100% of the special access services the customer purchases from Verizon.

24. The fact that Verizon's non-circuit specific discount plans ask customers to make minimum volume commitments with respect to the special access service(s) they purchase from Verizon does not mean that customers must purchase large volumes of special access services from Verizon to receive substantial discounts. Under Verizon's CDP, customers can enroll in the plan if they purchase as few as 14 DS1 channel terminations from Verizon and receive the same level of discount as larger volume customers that subscribe to the CDP for the same term of years.

25. Contrary to the claims of some parties, the minimum volume commitments under Verizon's non circuit-specific discount plans do not prevent customers from self-provisioning or purchasing special access services from competitive providers. Customers subscribing to Verizon's non-circuit specific plans can and do migrate the special access services they purchase from Verizon above the minimum volume commitment to their own networks or to competitive providers' networks. Moreover, the minimum volume commitment only applies to the volume of special access services customers purchase from Verizon; minimum volume commitments do not apply to customers' overall special access volumes. Accordingly, customers participating in Verizon's non-circuit specific plans could have hundreds or thousands of circuits they self-provision or obtain from competitive providers. And in the event a customer's demand for high-capacity services increases, that customer can choose whether to meet that increased demand by self-provisioning, or purchasing services from a competitive provider. Finally, customers are not

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required to make minimum volume commitments for long periods of time; some plans with minimum volume commitments allow customers to sign up for as few as one or two years. Customers that do not want to commit to purchase a specific volume of special access service from Verizon can instead receive substantial discounts by participating in Verizon's circuit-specific discount plans, which do not have minimum volume commitments.

ii. Volume and Term Discounts Are Pro-Competitive and Pro-Consumer

26. Some proponents of additional regulation of the terms and conditions of ILEC discount plans for special access services have argued that offering term and volume discounts is anti-competitive because they prevent customers from self-provisioning or obtaining high-capacity services from competing providers. This is not true. Term and volume discounts play an important role in the competitive provision of special access services and provide customers and providers several non-price benefits. In addition, there are legitimate business reasons for offering term and volume discounts.

27. Term plans promote convenience and ease of administration for special access customers. This is because term and volume discount plans make it easier for customers to plan and budget for the development of their telecommunications network. Additionally, term and volume discounts allow customers to tailor services to their precise technical and geographic needs, to spread network implementation design and implementation costs over the period of the contract, and to justify procurement of capital-intensive customer premises and network system equipment.

28. From the provider's prospective, there are legitimate business reasons for offering term and volume discounts. Term and volume discount plans are easier to manage and administer and allow providers to avoid the expense of constantly renegotiating the terms of

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service. In addition, term plans allow providers to recover the costs associated with deploying facilities, marketing, and training support personnel over a longer period of time for set quantities, allowing longer term rates to be lower than shorter term rates.³ Volume discounts allow providers to offer increasing discounts for larger volumes because they provide certainty of demand and reflect economies of scale associated with providing a larger amount of service to a single customer. Finally, term and volume discounts have helped Verizon's significant investment to build out new backhaul facilities needed for next generation wireless services. Verizon's term and volume discounts on special access services have allowed Verizon to make these substantial capital investments with some certainty that its investments will be recovered through special access revenues.

iii. The Termination and Shortfall Provisions in Verizon's Generally Available Discount Plans are Fair and Reasonable

29. Termination and shortfall liabilities are legitimate means of assuring that providers recover the costs incurred in initiating and continuing to provide service to customers that receive discounts in exchange for term or volume commitments. The use of termination and shortfall liabilities enables providers to recover their facility costs and up-front costs involved in provisioning special access services to a customer. Similarly, when a customer agrees to a term commitment in exchange for greater discounts, termination and shortfall liabilities assure that the service provider gets the benefit of the bargain if the customer exits the plan prior to the expiration of the selected service term or falls short of the volume commitment level.

³ In contrast, month-to-month rates are typically higher because there is a risk that the customer will switch to an alternative provider at any time, making it essential to recover a greater portion of costs in the shortest possible time. For this reason, month-to-month rates in the most competitive areas, such as those where Verizon has received Phase II pricing flexibility—may be higher than in price cap areas (where regulation artificially constrains Verizon's ability to adjust its rates to mirror the structures employed by its competitors).

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Termination and shortfall liabilities, therefore, make it possible for providers to offer substantial term and volume discounts to their customers. Without termination or shortfall liabilities, providers would have to seek more onerous obligations, such as substantial up-front payments, or discontinue term and volume discounts altogether.

30. The termination and shortfall liability provisions in Verizon's generally available discount plans are fair and reasonable. In the event that a customer exits one of Verizon's generally available discount plans before the end of the selected term, the customer still retains a significant portion of the discounts the customer received while it participated in the plan. This effectively prorates the customer's termination liability. For example, if a customer satisfies two years of a five year discount plan, the customer would typically pay the difference between the rates they paid for committing to a five year term and the rates they would have paid if they instead had committed to a two year term. Accordingly, the customer is left no worse off than the customer would have been if the customer subscribed to the plan for the term of years that the customer actually obtained service.

31. The shortfall liability provisions under Verizon's non-circuit specific discount plans are also fair and reasonable and allow customers to retain a significant portion of the discounts they received during the term they participated in the plan. Customers that fall short of the minimum volume commitment level during the "true up" or review period still retain a significant portion of the discount they received. During the "true up," Verizon calculates the average number of circuits and services that the customer purchased from Verizon in the months prior to the true-up. If the average is equal to or greater than the customer's minimum volume commitment level, the customer is not required to make a shortfall payment. In Verizon's East region, if the average is below the customer's minimum volume commitment level, the customer

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is assessed a shortfall payment. Generally, in the event of a shortfall for non-circuit specific discount plans in Verizon's East region, the customer generally is only asked to pay the difference between what the customer paid, on average, for the number of circuits the customer maintained and what the customer would have paid if the customer satisfied the minimum volume commitment. For example, under Verizon's NDP, if a customer committed to maintain ninety circuits in service, but Verizon determines during the true-up period that the customer maintained on average only eighty-five circuits, the shortfall payment would be the average circuit price for the five circuits that the customer was short for that period.

32. The shortfall payment structure and charges for Verizon's non-circuit specific plans in Verizon's West service area are even more lenient. For example, Verizon's Term and Volume Plan allows customers to miss their minimum service commitment by up to 3% for DS1s without being assessed a shortfall payment.

iv. Verizon's Generally Available Discount Plans Do Not Require Customers to Purchase Transport In Order to Obtain Substantial Discounts on Channel Terminations

33. Verizon offers many generally available discount plans that provide customers discounts on channel terminations without requiring the customer to commit to purchase transport from Verizon. Accordingly, there is no merit to claims that special access customers must purchase transport from ILECs in order to obtain substantial discounts on channel terminations. For example, under Verizon's ETTVP customers receive substantial discounts on channel terminations in exchange for a minimum service level commitment on channel terminations. As another example, Verizon's circuit-specific discount plans provide customers substantial discounts on the channel terminations customers purchase from Verizon, even if those customers purchase transport for those channel terminations from another provider.

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Verizon's CDP even provides discounts on *both* channel terminations and transport, yet only requires the customer to make a commitment with respect to the quantity of channel terminations the customer purchases from Verizon.

34. The fact that Verizon does offer one generally available discount plan, the NDP, under which customers make separate volume commitments for both channel terminations and transport is not indicative of a problem. Many customers purchase entire circuits from Verizon and demand discounts on all elements of those circuits. To satisfy the requirements of these customers, the NDP provides discounts on both channel terminations and transport in exchange for customer commitments on the volume of transport and channel terminations they purchase from Verizon. A customer who is not willing to make a volume commitment for the transport services it purchases from Verizon can participate in one of Verizon's other generally available discount plans that does not require a volume commitment for transport.

B. Verizon's Customer-Specific Pricing Flexibility Offerings Meet Individual Customer Requirements

35. Within the past two years, customer-specific pricing flexibility offerings have taken on greater importance as a competitive tool because customers have increasingly demanded individualized discounts that meet their specific business needs. Although each customer-specific pricing flexibility offering is tailored towards the needs of a specific customer, any customer that satisfies the eligibility criteria can subscribe to a customer-specific pricing flexibility offering under the same terms and conditions. To the extent that these offerings appear complex, this is because they are tailored for the unique business needs and requirements of specific customers. Over the years Verizon has introduced customer-specific pricing flexibility offerings to respond to individual customer requests for flat-rate mileage pricing

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structures, larger discounts, and the flexibility to upgrade TDM-based services to newer technologies.

36. Since receiving pricing flexibility in 2001, Verizon has tarified 56 unique customer-specific pricing flexibility offerings for non-affiliate customers; 10 of these were tarified in 2008 and 2009 alone.⁴ These 56 customer-specific pricing flexibility offerings were developed for a broad range of customers including regional and national CLECs such as **[Begin Confidential]** **[End Confidential]**, wireless providers such as **[Begin Confidential]** **[End Confidential]** government entities and enterprise customers across various industries. Verizon continues to be approached by additional customers of all sizes about the possibility of developing customer-specific pricing flexibility offerings and is currently in various stages of negotiation with additional customers.

37. Verizon's customer-specific pricing flexibility offerings provide customers substantial discounts on Verizon's special access services. In exchange for these discounts, customers are typically asked to commit to a negotiated level of billed revenues for special access services or to commit to purchase a negotiated minimum quantity of special access services within a specified period of time.

38. Customers subscribing to Verizon's customer-specific pricing flexibility offerings can also participate in Verizon's generally available discount plans. In fact, many of Verizon's customer-specific pricing flexibility offerings act as overlays to Verizon's generally available discount plans. Those offerings provide customers additional discounts on top of the up to 67%

⁴ From 2001 to the present, Verizon has also tarified 19 unique pricing flexibility promotions that provide customers promotional pricing for new installations and renewals of a variety of special access services and also discounts on some non-recurring installation related charges. These promotions provide customers additional discounts of between 10% and 20% on top of the discounts customers already receive under Verizon's generally available discount plans. The discount level under these promotions depends on the term on the applicable services.

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discounts that are already available under Verizon's generally available discount plans. The additional discounts provided under Verizon's customer-specific pricing flexibility offerings are as high as up to 30% off of the rates customers pay under Verizon's generally available discount plans.

39. Generally, Verizon's customer-specific pricing flexibility offerings cover multiple MSAs where Verizon has obtained pricing flexibility relief. Accordingly, customers participating in these plans receive discounts across broad geographic areas without regard to the number or identity of competitors in particular wire centers. These offerings are typically in effect for a period of between 1 and 8 years, and in some cases give customers the option to renew at the end of the term. Because these offerings have different effective dates and remain in effect for different terms of years, these offerings will not all expire within the same year.

40. Like Verizon's generally available discount plans, Verizon's customer-specific pricing flexibility offerings do not require customers to purchase all of their special access service needs from Verizon. Nor do they prevent customers from moving circuits to their own networks or to alternative suppliers' networks. Moreover, the termination liabilities and shortfall provisions under Verizon's customer-specific pricing flexibility offerings are fair and reasonable. Generally, customers that exit a customer-specific pricing flexibility offering before the end of the selected term retain a significant percentage of the credits they received under the plan, and the termination liabilities typically decline over time. Customers that fall short of the applicable minimum volume commitment likewise retain a significant percentage of the credits they received under the pricing-flexibility option, and are only asked to pay the difference between what they paid and what they would have paid if they met the commitment level.

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41. Verizon's customer-specific pricing flexibility offerings are typically the result of extensive negotiations between Verizon and sophisticated purchasers of special access services. Negotiations for these offerings often occur over the course of several months, and special access customers have significant bargaining power during the negotiations. In fact, many customers have used their ability to purchase special access services from Verizon's competitors as leverage to obtain more favorable terms and larger discounts from Verizon.

42. Typically, Verizon strives to negotiate a new pricing flexibility offering with the customer before a customer-specific pricing flexibility offering expires. In the event that a new offering is not negotiated before the expiration of the existing offering, the parties may elect to extend the existing offering for an additional period. If a customer-specific pricing flexibility offering ends and the customer has not negotiated a new customer specific pricing-flexibility offering or extended the existing offering, this does not mean that the customer is no longer eligible for discounts on Verizon's special access services. As explained above, customers that subscribe to one of Verizon's customer-specific pricing flexibility contracts can also participate in Verizon's generally available discount plans. Thus, customers can continue receiving substantial discounts under Verizon's generally available discount plans even after the expiration of their customer-specific pricing flexibility offering.

43. Within the past two years, Verizon has tariffed a handful of customer-specific pricing flexibility offerings that provide customers credits for converting unbundled network elements (UNEs) to special access services. Some parties have cited to these offerings as examples of pricing flexibility contracts that contain unreasonable terms and conditions. Parties making these claims overlook the fact that these offerings were the result of extensive negotiations between Verizon and sophisticated carrier customers. In addition, those parties

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overlook the significant benefits that customers receive by converting UNEs to special access. There is a degree of regulatory uncertainty surrounding UNEs because the Commission can only require ILECs to provide UNEs where there is impairment. Competitive providers that purchase UNEs can avoid this regulatory uncertainty by entering into term contracts to purchase special access services. In addition, special access, unlike UNEs, is a service and accordingly more extensive customer support is available for special access. Finally, customers that convert UNEs to special access services are eligible to participate in Verizon's Service Level Agreements. As explained in the next section of this declaration, Verizon's SLAs are open to all of Verizon's special access customers and give customers commitments with respect to the on-time provisioning of special access services and network performance. In any event, none of the customer-specific contract tariffs offering credits for the conversion of UNEs requires customers to convert all of the UNEs it purchases from Verizon to special access services. Nor do they restrict the ability of customers to purchase UNEs from other providers.

C. Verizon's Service Level Agreements Meet Customer Requirements for Commitments for the On Time Provisioning of Special Access Services and Network Performance

44. In addition to generally available discount plans and customer-specific pricing flexibility offerings, Verizon has introduced several tariffed service level agreements (SLAs). These SLAs were developed in response to customer demands for more accountability in the provisioning of special access services and performance of the networks used to provide those services. Specifically, over the years, Verizon's special access customers asked for commitments that their special access purchases would be provisioned by specific dates and also sought network performance commitments. Verizon has introduced three SLAs to respond to these customer requirements. These SLAs are open to all customers, regardless of the volume of

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special access services they purchase from Verizon. Customers are not required to pay anything extra to participate in Verizon's SLAs. Verizon has improved the value of its special access services by providing performance and provisioning guarantees while continuing to provide customers substantial discounts on their special access purchases.

45. All of Verizon's special access customers are automatically enrolled in the Basic SLA. Under the Basic SLA, customers receive a credit on installation-related non-recurring charges in the event Verizon misses the promised installation date for the special access services the customer purchased. Customers also receive fractional credits on their monthly recurring charges for outages lasting longer than 30 minutes; essentially the customer does not pay for service during the outage period. For outages lasting longer than four hours, customers receive additional flat fee credits of \$160 for each DS1 and \$400 for each DS3 impacted by the outage.

46. In addition to the Basic SLA, Verizon developed two optional service level agreements such as the National SLA (NSLA) and the Enhanced SLA (ESLA). Both of these optional SLAs were developed in response to customer demands for uniform provisioning and network performance commitments, and larger credits when those commitments are not met. Both of these options represent a move towards more customized SLA structures for special access services, which many special access customers have demanded. In order to enroll in these optional SLAs, customers are simply asked to agree to place a certain number of their ordering and trouble reporting transactions via an electronic interface.

47. Under the ESLA, which covers two or more states of the customers choosing, customers receive a credit for installation and provisioning related non-recurring charges *and* 10 percent of the monthly recurring charges for that circuit in the event that Verizon fails to meet the promised provisioning date. In addition, if a circuit enrolled in the ESLA is not available

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99.9% of the time, the customer receives credits ranging from 10% to 40% of the monthly recurring charge for that circuit, with credits increasing for longer outage durations. Under the NSLA, which covers special access circuits purchased anywhere in Verizon's footprint, customers receive 100% of installation and provisioning related non-recurring charges *and* between 25% and 100% of the monthly recurring circuit charge, when Verizon fails to meet the promised due date. The monthly recurring circuit charge credit increases as more time passes between the promised provisioning date and the actual provisioning date. Customers also receive a fraction of their monthly recurring circuit charge for outages lasting more than thirty minutes and a credit of \$250 per DS1 for outages greater than or equal to 3.99 hours and a credit of \$1000 per DS3 for outages greater than or equal to 2.99 hours.

IV. CONCLUSION


48. As explained above, Verizon has developed a range of generally available discount plans, customer-specific pricing flexibility offerings and SLAs to respond to customer demands for discounts everywhere they purchase special access services, provisioning and network performance commitments and also to respond to widespread competition in the provision of special access services. Moreover, Verizon's special access discount plans and customer-specific pricing flexibility offerings are pro-competitive and pro-consumer, and they do not prevent customers from using alternative providers or self-provisioning their own high-capacity services.

49. This concludes our declaration.

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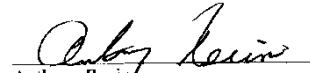
I declare under penalty of perjury under the laws of the United States of America
that the foregoing is true and correct.

Executed on February 24, 2010


Quintin Lew

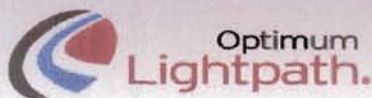
I declare under penalty of perjury under the laws of the United States of America
that the foregoing is true and correct.

Executed on February 22, 2010


Anthony Recine

ATTACHMENT C

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Optimum Lightpath, a division of Cablevision Systems Corporation, is an industry leader in providing advanced Ethernet-based data, Internet, voice, video transport solutions and managed services to businesses across the New York metropolitan area. Exclusively focused on meeting customer business communication needs in the world's largest business market for 20 years, Optimum Lightpath has been continually recognized for its high level of customer service. For 11 straight years, the New York State Public Service Commission has given Optimum Lightpath its Commendation of Excellence.



Our Metro Ethernet network is a highly reliable, resilient, and scalable fiber-to-the-business-premises network extending more than 3,700 route miles connecting more than 3,500 buildings. The most cost effective of all solutions, Metro Ethernet enables customers to increase bandwidth dynamically without requiring customers to purchase or install new equipment.

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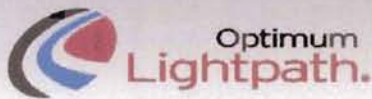
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Unlike other carriers, we never rely on third parties to maintain or protect your critical data. We built, own and manage our own network so we control every aspect of your installation and experience. So you can count on receiving our award-winning service from end to end, 24/7.

Gain All the Benefits of Metro Ethernet and our 100% Fiber Optic Network

Dedicated bandwidth: Receive all the bandwidth you need, when you need it, with speeds available from 10 to 1000 Mbps.

Unsurpassed reliability: Our self-healing fiber ring topology protects your critical data and provides best-in-class network availability and resiliency.

Easy scalability: We ensure enough capacity at the point of installation to meet your current and future data needs.

Valuable security: We protect and segment all customer traffic on our network.

True simplicity: Our flat-rate pricing, seamless installation, predictable billing, award-winning Customer Care and ongoing savings of up to 50% make it easier to manage your network and budget.

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